

EX PARTE OR LATE FILED  
**Small Business PCS Association**  
96 Hillbrook Drive Portola Valley, CA 94028  
415-851-1615 FAX: 415-851-1870

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June 3, 1994

Mr. William Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

RECEIVED

JUN 10 1994

RE: PP Docket No. 93-253/Ex Parte Presentations

Dear Mr. Caton:

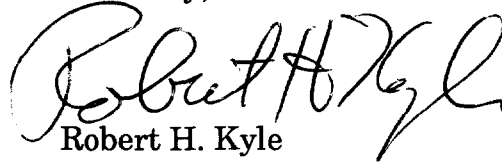
On May 31 and June 1, 1994 I met with the following decision makers at the FCC:

Reed Hundt  
James Quello  
Andrew Barrett  
Rachelle Chong  
Susan Ness  
Karen Brinkman  
John Winston

Attached is a copy of the main issues discussed.

Please let me know if you have any questions.

Sincerely,

  
Robert H. Kyle  
Chairman

Enclosure

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# **SBPCS Position on Broadband Auction Rules**

**Robert Kyle, Chairman  
Small Business PCS Association**

**May 31 and June 1, 1994**

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- **Only Way to Fulfill the Congressional Mandate**
- **Bidding Credits Won't Work Because**
  - They Would Require Factor Between 2X and 5X**
  - Financing Is Virtually Impossible**
  - No Big Company CEO Will Be Shut Out of Bidding by SWMR**
- **Participation by Small, Minority, Women-Owned Businesses**
  - About 5 Companies with Bidding Credits**
  - About 170 Companies with Competitive Allocations**
- **Set Asides for Small Business Are Constitutional**
  - One Half of Cellular Licenses Were Set Aside for LECs**
- **Small Business PCS Creates Many New Jobs**
  - If Given to Cellular and RBOCs, Few New Jobs Created**
- **Small Business Band Should Be 30 MHz**
  - To Allow Fair Competition with Large Company Providers**

## REVENUE FROM BROADBAND AUCTIONS

SBPCS

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• Without Competitive Allocation – 250 million POPs		
Three 30 MHz Licenses		\$18.75 Billion
\$25 per POP		
Three 10 MHz Licenses		6.0 Billion
\$8 per POP		
	Total	<u>24.75 Billion</u>
• With 2 Competitive Allocations – 250 million POPs		
Two 30 MHz Licenses		\$15.0 Billion
\$30 per POP		
One 30 MHz License		2.5 Billion
\$10 per POP		
Two 10 MHz Licenses		5.0 Billion
\$10 per POP		
One 10 MHz license		1.5 Billion
\$6 per POP		
	Total	<u>24.0 Billion</u>

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- **Before License Award**
  - **Less than \$40 million in Revenue**
  - **Less than \$50 million in Capitalization plus Debt**
  - **Ownership at Least 50.1% Designated Entities**
  - **Voting Control at Least 50.1% Designated Entities**
- **After License Award**
  - **Ownership at Least 20% Designated Entities**
  - **Voting Control at Least 50.1% Designated Entities**
- **Minorities and Woman Owned Businesses**
  - **Considered Under the Small Business Standard**
  - **Additional Tax Credits or Bidding Credit**

- **Upfront Payment**
  - **2¢ per MHz per POP Will Help Control Speculators**
  - **Refundable to a SWMR that Is Later Disqualified**
- **Increase to 10% at Time of Auction**
- **Second 10% Payment at License Award Should Be Eliminated**
- **The Same Financing Terms Available for a Set Aside License Should Be Available for Any License Acquired by a SWMR**
- **Payment Schedule**
  - **Payments Over Full License Term (10 years for PCS)**
  - **First Payment Due in 2 Years**